

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 02 CAIRO 009547

SIPDIS

NSC STAFF FOR SINGH

E.O. 12958: DECL: 12/28/2015

TAGS: [PGOV](#) [PREL](#) [ETRD](#) [EG](#)

SUBJECT: EGYPT: CABINET SHUFFLE DUMPS KEY OLD GUARD
FIGURES, MODEST BOOST TO REFORM CAMP

Classified by Charge d'Affaires Stuart Jones for reasons 1.4
(b) and (d).

Summary

11. (C) News of a cabinet shuffle, anticipated in Cairo for several weeks, broke overnight December 27-28. The leaders of the "sovereign" Ministries - Defense, Foreign Affairs, and Interior, remain in place. Also staying are key members of Egypt's economic reform team: Finance Minister Boutros Ghali, Trade Minister Rachid, and Investment Minister Mohieldin, and of course Prime Minister Nazif. Dismissed were the ministers of Agriculture, Housing, Social Affairs, Manpower, Health, Transport, Local Development, Youth, and Supply. Of the greatest political significance was the dismissal of Kamal Shazly, Minister of People's Assembly Affairs. A veteran machine politician and ruling party "enforcer," Shazly was a principal symbol of the GOE's "old guard" and the arrogance of power. Several other of the outgoing ministers were distinguished by their reputations for corruption. The new crop are generally seen as pro-business/pro-reform figures. Two ministries, youth and supply, were abolished. End summary.

Breaking News

12. (C) Although no formal announcement has been made, news broke overnight December 27 and was published as fact in the pro-government press on the morning of December 28, that a cabinet shuffle anticipated for several weeks was finally being initiated by Prime Minister Nazif, on instructions from President Mubarak. There were three key elements to the development:

-- First, the "sovereign" ministries - Defense, Foreign Affairs, and Interior - would remain under the same leadership. Also remaining in place are key members of the economic reform cabinet - Yousef Boutros Ghali, Minister of Finance, Rachid Rachid, Minister of Trade, and Mahmoud Mohieldin, Minister of Investment, as, of course, is Prime Minister Nazif.

-- Second, 11 members of the old cabinet, including several notorious for their corruption, were being shown the door.

-- Third, Kamal Shazly, Egypt's quintessential old-guard figure and machine politician, widely acknowledged to be one of the most powerful and feared men in the country, was dismissed. Political reform advocates have long been calling for his head, citing his continued presence in the GOE as "proof" that the GOE's talk of reform was cheap.

Roll Call

13. (C) Personnel changes in the Egyptian cabinet are as follows:

-- Tourism: Ahmed Al-Maghraby, the respected businessman and pro-reform figure, was transferred to take over the Ministry of Housing. He will be replaced by Dr. Mohammed Zoheir Garana, Maghraby's protege and a wealthy businessman whose family owns a number of hotels at resorts across the country.

-- Housing: Ibrahim Soliman, probably the most notoriously corrupt member of the outgoing cabinet was dismissed. He will be replaced by Ahmed Al-Maghraby.

-- Transport: Minister Essan Sharaf was dismissed. He is replaced by Mohammed Lotfy Mansour, a former chairman of the American Chamber of Commerce and one of Egypt's wealthiest businessmen with extensive dealings in the automotive and transportation industries. Mansour was an early supporter of Ayman Nour's Ghad Party, but resigned after the crisis triggered by Nour's arrest.

-- Health: Dr. Awad Tag El-Din was dismissed. He will be replaced by Dr. Hatem El-Geibaly, a professor of radiology

and senior partner in Dar Al-Fouad, one of Egypt's most modern medical facilities. Geibaly is a proponent of health care reform and privatization.

-- Manpower: Minister Ahmed Al-Amawy was dismissed. He is replaced by Aisha Abdel Hady, a female and leader of Egypt's principal pro-government federation of trade unions.

-- Insurance and Social Affairs: Minister Amina El-Guindy was dismissed. She is replaced by Dr. Aly Mesalahy, a former director of the National Postal Service, who holds a degree in electronics from France.

-- Education and Scientific Research: Minister Ezzat Salama was dismissed. He is replaced by Dr. Hany Hilal, a respected Dean of the Engineering School at Cairo University.

-- Agriculture: Ahmed Al-Laithy, who only took the post in July of 2004, was replaced by Amin Abaza, a cotton industry executive who had been a consultant to USAID in the 1990s on an agricultural reform project.

-- Youth: Minister Mamdouh Beltagi was dismissed, and the Ministry is to be disbanded and reconstituted as two separate entities - a National Council for Youth and a National Athletics Council.

-- Supply and Domestic Trade: Minister Hassan Khadr was dismissed. His ministry is to be disbanded and its functions brought under the authority of the Ministry of Economy and Foreign Trade.

-- People's Assembly Affairs: Kamal Shazly, the symbol of Egypt's old-guard, listed in the Guinness Book of World Records as the longest continuously serving parliamentarian (since 1964), was dismissed. His departure is of great symbolic importance and marks the end of an era.

Comment

14. (C) While not as dramatic as the July 2004 cabinet shuffle, the personnel changes are significant and appear to enlarge and add weight to the reform camp at the expense key old guard figures like Shazly and Soliman, although both retain their parliamentary seats. We see this step as confirmation of Mubarak's commitment to move forward with economic reform and proceed cautiously on sensitive political and national security fronts. The dismissal of old guard figures and inclusion of reformists could also be intended to off-set the scathing domestic and international criticism of the GOE and the Mubarak regime that followed the profoundly flawed late-fall parliamentary elections.

JONES